



IWF Public Comment Regarding Proposed Rule Change Allowing Nasdaq To Create Gender and Diversity Quotas for Listed Companies

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Independent Women's Forum opposes the rule change proposed by Nasdaq Stock Market LLC to the S.E.C. that would require companies listed on Nasdaq's U.S. stock exchange to "have at least one woman and one 'diverse' director and report data on board diversity — or face consequences."

If passed, this rule change would require the 3,249 companies listed on Nasdaq's U.S. stock exchange to meet these diversity and reporting requirements or face delisting.

As the [Nasdaq press release](#) states: "This proposal and partnership [with the Equilar Diversity Network] gives companies an opportunity to make progress toward increasing representation of women, underrepresented minorities and the LGBTQ+ community on their boards."

While quotas such as this one proposed by Nasdaq may stem from good intentions, they will ultimately undermine the hard work of women and minorities. Absent quotas, both groups have steadily been gaining leadership positions due to increased levels of education and work experience. Today, women comprise the majority of the college-educated workforce for the first time ever and women's wages are growing faster than men's. Between 2014 and 2019, the number of women-owned firms increased by 21 percent, compared to 9 percent for all firms. Presently, there are nearly 11 million minority-owned businesses across the United States, but firms owned by women of color grew at nearly three times the rate (163%) of women-owned businesses and account for half of women-owned businesses.

Requiring certain seats be filled by specific demographic groups will only cheapen their achievements, telegraph that their positions are not merited, and worsen stereotypes and prejudices against these groups. In fact, evidence from Europe shows that quotas can result in less-experienced boards. In Norway, for example, where publicly traded companies have been required to appoint women to at least 40 percent of their director seats since 2006, research shows that the women placed on boards were **less experienced than those they replaced**. Ultimately, this caused **stock prices to plummet and firm values to fall**. Not only did this hurt the companies,

it also negatively impacted the women themselves who were expected to perform a job without acquiring the requisite experience and expertise.

This proposed rule will threaten the progress made by millions of women and minorities by giving them special treatment, thus insinuating that they cannot succeed without it. This is wrong: Many women, people of color, and LGBT+ individuals are already reaching senior leadership positions in companies and do not need extra help. A recent [report](#) on Women and Minorities on Fortune 500 Boards predicts that there will be an increase of women and minorities to 40 percent by 2024.

Quotas wrongly rely on the premise that workplace disparities today are primarily the result of persistent systemic sexism. In reality, the choices that women make throughout their careers affect their trajectories. Companies should respect workers' individual merits and preferences without tokenism.

Independent Women's Forum recognizes that gender and diversity quotas cheapen the achievements of individuals and actually threaten their progress. We oppose the proposed S.E.C. rule change and call on others to do the same.